

1 **Q: Please state your name and business address?**

2 A: My name is Pamela M. Marchand and I am Chief Engineer/General Manager of the
3 Pawtucket Water Supply Board.

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5 **Q: Are you the same Pamela Marchand who submitted pre-filed direct and rebuttal**
6 **testimony in this docket?**

7 A: Yes, I am.

8

9 **Q: What is the purpose of this testimony?**

10 A: I would like to supplement my rebuttal testimony and provided an update to the
11 Commission on a significant development regarding the PWSB's possible purchase of
12 the City of Central Falls water distribution system.

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14 **Q: What is the development?**

15 A: As set forth in my direct testimony, representatives from the City of Central Falls and
16 the PWSB have been pursuing discussions and negotiations regarding the PWSB's
17 acquisition of the Central Falls system. These efforts have culminated in a Memorandum
18 of Understanding that is attached to my testimony as Exhibit 1. This memorandum calls
19 for a sale of the Central Falls system to the PWSB for one million one hundred thousand
20 dollars. (\$1.1 million). As such, it now appears that the parties can begin working toward
21 the completion of this sale.

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23 **Q. Your direct testimony anticipated that the transaction could be completed in July**
24 **2006. Is this still your target date?**

25 A. Yes it is. As can be seen from the terms of the Memorandum of Understanding, there
26 are still a number of details to finalize, and a number of approvals that are needed from
27 both municipalities. Also, the sale is dependent on the PWSB obtaining the necessary
28 funds in this Docket to purchase and operate the Central Falls system. However, as set
29 forth on page 21 of my direct testimony, the PWSB should have almost the entire \$1.1
30 million available in July 2006 from the combination of EPA grant and funds from rates.

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1 **Q. You acknowledge that there are still details to be finalized. As such, do you have**
2 **any objection to restricting the funds related to Central Falls that you are**
3 **requesting in this Docket?**

4 A: No I do not. The funds should be restricted, and if for any reason the sale is not
5 finalized, then the PWSB can request that the funds be used for other purposes in our
6 next rate filing.

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8 **Q: Does this conclude your supplemental rebuttal testimony?**

9 A: Yes.

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MEMORANDUM OF UNDERSTANDING

Now comes the Pawtucket Water Supply Board, as an agency and enterprise fund of the City of Pawtucket, and the City of Central Falls, a lawfully established municipality in the State Of Rhode Island, and hereby set forth this Memorandum of Understanding:

The parties are desirous of entering into an agreement whereby the City of Central Falls will convey all right title and interest in its Water Distribution System – identified generally as all water distribution pipes, hydrants, transmission mains, and all appurtenances thereto – to the Pawtucket Water Supply Board by and through the City of Pawtucket.

The City of Central Falls is agreeable to conveying its interest in its distribution system for the sum of one million one hundred thousand (\$1.1 million) dollars.

The parties anticipate that the closing on said transaction will take place in July 2006, and will be contingent on a number of factors and conditions:

- a) The Pawtucket Water Supply Board's pending request before the Rhode Island Public Utilities Commission ("PUC") in Docket 3674 for funds to both purchase and operate the Central Falls water distribution system must be granted in a manner satisfactory to the Pawtucket Water Supply Board and the City of Pawtucket.
- b) The parties must obtain all required authorizations for the sale, purchase price, manner of payment, and all other necessary authorizations from the City Councils and Mayors of the City of Pawtucket and the City of Central Falls.
- c) The City of Central Falls must take all steps necessary to exempt the water distribution system from taxation in any manner following the transfer of ownership to the City of Pawtucket.
- d) The Pawtucket Water Supply Board, by and through The City of Pawtucket, will pay to the City of Central Falls at the time of the closing a lump sum payment of all funds designated for the sale then being currently held by the Pawtucket Water Supply Board on the closing date, including funds authorized by the PUC and all other grant funds designated for the purchase.
- e) Thereafter, the Pawtucket Water Supply Board, by and through The City of Pawtucket, will pay the balance of any funds owed to the City of Central Falls from all funds authorized by the PUC and all other grant funds designated for the purchase

The parties hereto shall use their best efforts to achieve the goals hereby set forth in this Memorandum.

City of Central Falls

By:

Date:

Pawtucket Water Supply Board

By:

Date: